

November 19, 2009

*Legislation Averts Significant Cuts to Medicare, TRICARE Reimbursements but Sestak Objects to its Failure to “Pay For” Reforms*

WASHINGTON, DC – Today, Congressman Joe Sestak (PA-07) voted to ensure seniors and service members retain access to high quality care in Medicare and TRICARE – the Department of Defense civilian health plan – by averting significant cuts to physicians that will otherwise take effect under existing law. H.R. 3961, the Medicare Physician Payment Reform Act, which passed the House of Representatives by the vote of 243 – 183, permanently reforms the Medicare payment system by repealing a 21% cut in payments to doctors scheduled to take place in January. The bill replaces it with a more stable system that will avoid disruptions for seniors and their doctors. Without this action by Congress, this cut would significantly limit seniors’ ability to access medical care.

“With this legislation, Congress permanently fixes a shortsighted formula, enacted by a Republican Congress in 1997, that would harm seniors and has been temporarily addressed by multiple short-term fixes over the past seven years,” said Congressman Sestak. “However, while we are addressing the problem facing Medicare physician payments for the long-term, ensuring uninterrupted access to doctors and establishing reasonable goals for reduced Medicare spending into the future, the Democratic leadership should have offset the cost of this change.

“Although failing to avert these cuts is unacceptable, I believe legislation that increases the budget – discretionary, mandatory, or even maintaining current policy – should be offset by reductions in federal spending or increases in revenue.

“I have supported PAYGO rules since my first day in office and continue to support statutory PAYGO going forward, but this bill does not abide by the intent of PAYGO rules as they should be implemented and does not properly account for the cost of reforming this badly broken system. I voted for the bill only because of the drastic impact of cuts to Medicare reimbursements and the failure to retain physicians for seniors and military families that would have otherwise occurred.”

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Originally passed in the Balanced Budget Act of 1997, the Sustainable Growth Rate (SGR) limited increases in physician payment rates under Medicare and TRICARE. However, since 2002, this formula has unintentionally called for significant cuts to doctor’s payment under Medicare. Over the past six years, Congress has repeatedly passed short-term delays of the cuts implemented by the SGR without reforming the underlying formula or accounting for increases in the deficit. These actions have led to a projected 21% cut to physician reimbursement on January 1, 2010.

The Medicare Physician Payment Reform Act, which is endorsed by the American Medical

Association, AARP, the Military Officers Association of America, and the National Committee to Preserve Social Security and Medicare, also encourages preventive care by allowing for increased growth in reimbursement for preventive and primary care. Additionally, the bill allows greater flexibility for accountable care organizations (ACOs) to encourage these organizations to work proactively to reduce Medicare spending while maintaining and improving quality of care.

This bill included the text of HR 2920, the Statutory Pay-As-You-Go Act of 2009, which passed the House of Representatives in July of this year. The problem, as Congressman Sestak has repeatedly noted, was that HR 2920 excluded the Medicare physician pay fix from PAYGO rules, a decision with which Congressman Sestak disagreed. This legislation codifies current PAYGO rules, which require Congress to offset the cost of new spending. By making the rules statutory, it gives the President authority to sequester funds if PAYGO rules are violated. These provisions protect against further deficit spending. The PAYGO provisions were included in this bill after the Senate failed to act on the legislation that passed the House in July.

*Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, the Congressman was the first Director of Deep Blue, the Navy's anti-terrorism unit that established strategic and operations policies for the Global War on Terrorism. He served as President Clintons Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Congressman Sestak is the highest-ranking former military officer ever elected to the U.S. Congress.*

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